

Message Text

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60

ACTION XMB-04

INFO OCT-01 EA-09 ISO-00 SSO-00 AID-05 CIAE-00 COME-00

EB-07 FRB-01 INR-07 NSAE-00 USIA-15 TRSE-00 OPIC-06

SP-02 CIEP-02 LAB-04 SIL-01 OMB-01 INRE-00 /065 W

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O 090402Z FEB 76

FM AMEMBASSY JAKARTA

TO SECSTATE WASHDC IMMEDIATE 2616

UNCLAS JAKARTA 1778

PLEASE PASS EXIMBANK BEIM/HOUSTON FROM CRAFTON & WICKETT
TO BE DELIVERED AT OPENING OF BUSINESS MONDAY, 9 FEBRUARY

E.O. 11652: N/A

TAGS: EFIN, BEXP, ID

SUBJECT: POSSIBLE GE LOCOMOTIVE SALES TO INDONESIAN
STATE RAILWAYS

REFS: (A) JAKARTA 0553, (B) STATE 014389

1. ON FEBRUARY 6, EXIMBANK TAM HAD INTENSIVE AND WIDE-RANGING MEETING WITH DR. JULIANTO (DIRECTOR GENERAL FOR MONETARY AFFAIRS, MINISTRY OF FINANCE), DR. SALEH AFFIF (DEPUTY FOR MATERIAL DEVELOPMENT AND INFRASTRUCTURE, BAPPENAS), AND DR. J.E. ISMAEL (MANAGING DIRECTOR OF FOREIGN AFFAIRS AND FOREIGN EXCHANGE, BANK INDONESIA), HEREINAFTER CALLED "BIG THREE", PLUS MEMBERS OF THEIR STAFFS. WHILE NO "SHOPPING LIST" AS SUCH WAS PRESENTED, TEAM TOLD THAT HENCEFORTH ALL PROCUREMENT FUNDED BY EXPORT CREDIT AGENCIES WOULD BE ON BID TENDER BASIS WITH WHICH SUPPLIER IS TO PROVIDE PROPOSED FINANCING PACKAGE.

2. POSSIBLE GE \$28 MILLION SALE OF 81 LOCOMOTIVES DISCUSSED AND BIG THREE REQUESTED EXIMBANK TO CONSIDER ISSUING PC TO GE TO SUPPORT ITS BID DUE ON MARCH 3, 1976. GE REPS HERE WHO MET WITH EXIMBANK TEAM FEBRUARY 7 ALSO
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EAGER FOR SUPPORT. TEAM INDICATED TO GE THAT SHOULD

EXIMBANK SUPPORT TRANSACTION USUAL PATTERN WOULD PREVAIL, I.E. 40 PERCENT CREDIT (\$11.2 MILLION) WITH NO FIANCIAL GUARANTEE AND NORMAL REPAYMENT TERMS. LOCOMOTIVES ARE (A) 16 OF 1,500 H.P., (B) 20 OF 1,000 H.P., AND (C) 45 OF 350 H.P. LOCOMOTIVES (A) AND (B) ARE FOR JAVA LINES AND (C) FOR SUMATRA LINES. IN VIEW OF BIG THREE'S DIRECT REQUEST FOR EXIMBANK CONSIDERATION OF PROPOSAL, TEAM SUGGESTED TO GE THAT PC REQUEST BE SUBMITTED.

3. DURING FOUR-HOUR MEETING, BIG THREE STRESSED FURTHER PROJECTS WOULD BE ON BID TENDER BASIS WITH PROPOSED FINANCING DETAILS INCLUDED SO AS TO ALLOW FULL GOI EVALUATION OF ALL ASPECTS OF BID. BIG THREE NOT WILLING TO WAIVE REQUIREMENT FOR INCLUSION OF FINANCIAL PACKAGE IN FUTURE BID PROPOSALS. CURRENT GOI/EIB INFORMAL WORKING ARRANGEMENT PRECLUDES PCS TO SUPPLIERS; HOWEVER, IN ORDER FOR U.S. EXPOETERS TO SUBMIT COMPLETE AND ACCEPTABLE BID PACKAGE BIG THREE AND TEAM MODIFIED PRESENT INFORMAL ARRANGEMENT: PC TO EXPORTERS WOULD BE CONSIDERED PROVIDED BIG THREE NOTIFIED EIB THAT PROJECT BEARS BIG THREE APPROVAL AND EIB SHOULD CONSIDER REQUEST. DETAILS TO BE EXPLAINED UPON RETURN.

NEWSOM

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Message Attributes

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Disposition Approved on Date:
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Drafter: n/a
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